

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL THREE)

Docket No. RM2020-10

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-10 OF CHAIRMAN'S INFORMATION REQUEST NO. 2**
(August 10, 2020)

The United States Postal Service hereby provides its responses to the above listed questions of Chairman's Information Request No. 2, issued August 3, 2020. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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August 10, 2020

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1. The Postal Service indicates in its petition that “[t]he sampling methodology utilizes probability proportional to size (PPS) sampling, based on the accrued [Time and Attendance Collection System] TACS workhours for carriers from two pay periods out of the prior quarter.” Petition, Proposal Three at 6.
 - a. Please indicate how the Postal Service determined which pay periods to use for each of the two quarters analyzed for Proposal Three. To the extent that the pay periods chosen differ for the morning and afternoon sampling modes, please reflect that in the answer.
 - b. Please confirm that, within a given quarter, the same two pay periods are used for all facilities in determining the sample size.
 - c. Please identify, for each sampling mode, the specific pay periods from the previous quarter that the Postal Service used in the sampling methodology for each quarter in FY 2020.
 - d. Please discuss why the Postal Service decided to use two pay periods from the previous quarter (rather than more, or fewer) as the basis for calculating sampling probabilities.
 - e. Please indicate, in the event that Proposal Three is approved and adopted, how the Postal Service will determine which pay periods to use in subsequent quarters.
 - f. Please confirm that, for both Morning Tests and Afternoon Tests, all workhours from the two pay periods (and not just those before or after 1100, for example) are used to determine sampling probabilities for a given finance number. If not confirmed, please explain.
 - g. The Postal Service’s Appendix A (Statistical Documentation) to Library Reference USPS-RM2020-10/1 states that “PSU weights are further adjusted to reflect the share of workhours for the finance number in the full quarter relative to its share in the two pay periods that were used to generate the sample.”¹ Please confirm that while the share that is used to generate the sample is based on two pay periods from the prior quarter, the “full quarter” share refers to the share in the current quarter (*i.e.*, the quarter in which the test in question was conducted). If not confirmed, please explain.

¹ See Library Reference USPS-RM2020-10/1, June 11, 2020, folder “Public.Fldr.1.Prop.3.IOCS.Clstr,” folder “Public,” folder “Documents,” PDF file “Appendix A.pdf” at 4, 6 (Appendix A).

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RESPONSE:

- a. Approximately one month prior to the start of the quarter, sample files are generated. The Postal Services uses the two most recent fully completed pay periods that are available at that time to generate the sample file. The same pay periods are chosen for both morning and afternoon sample generation.
- b. Confirmed.
- c. The same pay periods are used for generating both morning and afternoon tests. For FY20 Quarter 1, these were pay periods 16 and 17 from 2019. For FY20 Quarter 2, these were pay periods 23 and 24 from 2019.
- d. Data from the most recently available time periods are used as the best predictor of the relative workhours of finance numbers for the quarter to be sampled. Two pay periods are selected as sufficient to smooth out fluctuations arising from short-term variations in workhours.
- e. The Postal Service plans to continue to use the methodology described in part a. Note that the specific pay period numbers may differ from year to year because pay periods are not perfectly synchronized with the quarter calendar.
- f. Not confirmed. For morning tests, the workhours prior to 1100 are used to determine the sampling probability for each finance number. For afternoon tests, workhours after 1100 are used to determine the sampling probability of districts.
- g. Confirmed.

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2. Appendix A states that “[b]efore the [morning] test begins, the data collector identifies all city carriers who will be working (clocked into) the tested finance number that morning.” Appendix A at 3. This identification process is discussed in further detail in another document provided in the library reference.²
- a. Is there any possibility that carriers who are in fact available and on-site on the selected finance number day would not be part of the second stage sampling frame? In particular, can carriers ever work at a facility without being clocked into that facility (e.g., due to transfer from another facility)?
 - b. Please confirm that the data collector identifies all employees who will be working as city carriers on a given finance number/day, including city carrier assistants, temporary or transitional employees, and employees who may have been temporarily assigned to the finance number or facility for that day. If not confirmed, please explain.

RESPONSE:

- a. All carriers that are available and on-site on the selected finance number day are included in the second stage sampling frame. The data collector and supervisor review the list to ensure all available carriers are selected. A carrier list is generated every pay period that includes every carrier on payroll, and data collectors receive the list of all carriers for their own district. Carriers assigned to the tested finance number are automatically selected into the second stage sampling frame by the data collection instrument. The data collector can also select any other carriers who have been transferred or borrowed from any other office. In addition, carriers who are not yet in the payroll-based list may be entered manually by the data collector. Similarly, if the supervisor expects to

² See Library Reference USPS-RM2020-10/1, folder “Public.Fldr.1.Prop.3.IOCS.Clstr,” folder “Public,” folder “Documents,” PDF file “ioc-clusterprocedures_final_oct2019.pdf.”

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receive a carrier borrowed from another office but does not yet know the identity of the specific person, the data collector can manually enter a placeholder into the second stage sampling frame. In order to finalize the second stage frame, the supervisor reviews the list with the data collector, and carriers who will definitely not be working are removed from the frame.

b. Confirmed.

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3. Please confirm that the In-Office Cost System (IOCS)-Cluster sampling pilot program is ongoing.
- a. If confirmed, has the Postal Service continued to collect IOCS-Cluster data through Postal Quarter 3 and Postal Quarter 4 to date?
 - b. If approved by the Commission prior to the end of the fiscal year, would Proposal Three be reflected in the FY 2020 Annual Compliance Review?

RESPONSE:

- a. Confirmed, the Postal Services has continued to collect IOCS-Cluster data through Postal Quarter 3 and Postal Quarter 4 to date.
- b. Confirmed.

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4. In the run-up to the calendar year 2019 peak season, the Postal Service prepared additional space at 80 peak annexes' operations.³
- a. Please discuss the nature of these operations. In particular, do these involve city carrier delivery operations?
 - b. Does the Postal Service assign new finance numbers to these peak annexes? If not, please explain. If the answer is yes, would these facilities accrue city carrier hours during all pay periods in the quarter preceding the peak season, which covers July, August, and September?
 - c. In general, please discuss the extent to which city carrier workhours accrued at these facilities during peak season are represented or reflected in the existing IOCS methodology.
 - d. In general, please discuss the extent to which city carrier workhours accrued at these facilities during peak season are represented or reflected in the proposed IOCS-Cluster methodology. In particular, would these facilities constitute part of the relevant sampling frames?

RESPONSE:

- a. Of the 79 annexes for peak season in 2019, 59 were for network operations.

While some of the delivery annexes only involved clerks and rural carriers, some of the remaining eighteen annexes did involve city carriers. In some cases, the annexes are physically adjacent to existing delivery units. In others, they are located at the facility of large volume mailing partners to accept incoming mail. In all cases, city carriers are clocked under the finance number of their main office.

- b. The Postal Service does not assign new finance number to these peak annexes. They are under existing finance numbers.
- c. The workhours for the few annexes that involved city carriers would be accrued under the office's existing finance number. Carriers working at such annexes are

³ See, e.g., USPS Leadership Forum for Stakeholders, *Operations Update*, October 29, 2019.

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included in the IOCS sampling frame and would be sampled. It is likely that such readings would be conducted by telephone, as are most current IOCS readings on city carriers.

- d. Any annexes involving city carriers would continue to accrue their workhours under the office's finance number, and any carriers working in an annex of a tested finance number would be sampled along with carriers in the primary location. In some cases, annexes are physically close enough to the primary facility and there is sufficient time between scheduled readings that the data collector can conduct these as onsite readings.⁴ When the annex is not physically close enough, the data collector would conduct these as telephone readings, similarly to the current IOCS system.

⁴ Currently, at offices in CAGs A-C, readings are scheduled every ten minutes.

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5. In Library Reference USPS-RM2020-10/1, the Postal Service provided Excel files "CS06&7-Public-FY20Q2YTDCluster20.xlsx" and "I_FORMS-Public-FY20Q2YTDCluster20.xlsm," which provide additional costing details relevant to assessing the impact of Proposal Three.⁵ Please provide public non-cluster versions of these same files for the same time period.

RESPONSE:

Please see the Question 5 files attached to this response electronically.

⁵ See Library Reference USPS-RM2020-10/1, folder "Public.Fldr.1.Prop.3.IOCS.Clstr," folder "Public," folder "Workbooks," Excel files "CS06&7-Public-FY20Q2YTDCluster20.xlsx" and "I_FORMS-Public-FY20Q2YTDCluster20.xlsm."

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6. Please provide the data, workbook, and any programs needed to generate Tables 4 through 7 as included in the Petition, Proposal Three.⁶

RESPONSE:

Please see the required program and workbook in the Question 6 files attached to this response electronically. There is no need to run the program, as all of the summarized data are provided in the workbook. If a desire nonetheless exists to run the program, the previously provided datasets can be used to generate the summarized data.

⁶ See Petition, Proposal Three at 11-14.

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7. The Postal Service recently circulated a memo to carriers regarding a new Expedited to Street/Afternoon Sortation (ESAS) initiative, which “is an enhancement to the current Expedited Preferential Mail (EPM) Delivery Program which reduces morning office time to allow carriers to leave for the street earlier.”⁷ Under the ESAS initiative, “City carriers will not sort any mail during the morning operation.” *Id.* The EPM initiative similarly “reduces morning office time to allow carriers to leave for the street earlier.” *Id.* Proposal Three and the IOCS-Cluster Methodology are predicated in part on the observation that carriers are typically working on the premises of post offices or other carrier facilities in the morning period prior to 1100, and that they are typically working on the street after 1100.⁸
- a. Please describe the EPM program, including a discussion of how widespread the current EPM program is. For example, what share of city carrier workhours are incurred by city carriers working under the EPM Delivery Program on a given day? Is the Postal Service more likely to implement or use the EPM Delivery Program during certain times of the year or in certain geographic areas? Does the mail mix delivered by city carriers working under the EPM Delivery Program differ from that delivered by carriers who are not, and if so, how?
 - b. Please describe the Postal Service's plans for the ESAS initiative, including how widespread it will be. For example, does the Postal Service have a target for the share of city carrier workhours that will be incurred by city carriers working under the ESAS initiative? Will the Postal Service be more likely to implement or use the ESAS initiative during certain times of the year or in certain geographic areas? Does the Postal Service anticipate that the mail mix delivered by city carriers working under the ESAS initiative will differ from that delivered by carriers who are not, and if so, how?
 - c. Please confirm that, all things equal, the sampling efficiency gains from morning on-site tests will decrease as the share of eligible carriers working under the EPM Delivery Program or ESAS initiative increases. If not confirmed, please explain.
 - d. Please indicate whether the Postal Service envisions making any adjustments to the design of the IOCS-Cluster methodology as the ESAS

⁷ See United States Postal Service, *Stand-Up Talk – Expedited to Street/Afternoon Sortation (ESAS)—City Carrier*, July 2020, available at: <https://www.nrlca.org/Documents/WebContent/EditorDocuments/ESAS%20F2%20Stand%20Up%20Talk%207.16.20.pdf>, accessed July 27, 2020.

⁸ See, e.g., Petition, Proposal Three at 3.

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initiative is implemented. If the answer is yes, please describe those adjustments. If the answer is no, please explain why not.

RESPONSE:

- a. The Expedited Preferential Mail (EPM) program involves casing preferential and time value mail in the morning prior to leaving to serve the route. There are currently no locations piloting the EPM program. The EPM program is succeeded by the Expedited to Street/Afternoon Sortation (ESAS) program.
- b. The Expedited to Street/Afternoon Sortation program involves handling parcels, First-Class Mail flats, accountables, and DPS/FSS in the morning prior to leaving to serve the route. Letters and non-preferential flats are only to be worked if all parcels and First-Class Mail flat distribution is finalized. The program is being piloted in 921 delivery ZIP codes. These ZIPS make up approximately 12 percent of city carrier delivery hours from DOIS in quarter 3. It is unclear what the impact of ESAS will be on operations, as the pilot program has just begun. The Postal Service plans to monitor the impact of the pilot. The Postal Service does not anticipate that there will be any significant differences in the mail mix delivered from ESAS pilot locations compared to other offices.
- c. Confirmed.
- d. If ESAS in the future were to be implemented more broadly, the Postal Service envisions adding onsite sampling tests that would correspond to the times when the carriers are expected to spend significant time in the office. For the time

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being, the afternoon phone readings should capture the times when carriers are casing mail after returning from their route.

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8. In Library Reference USPS-RM2020-10/1, the Postal Service provided Excel files "CS06&7-Public-FY20Q2YTDCluster20.xlsx" and "I_FORMS-Public-FY20Q2YTDCluster20.xlsm" based on the public IOCS-Cluster data.⁹ Please provide the IOCS-Non-Cluster *non-public* (emphasis added) version of these files for the same time period.¹⁰

RESPONSE:

The requested non-public files are provided under seal in USPS-RM2020-10-NP3.

⁹ See Library Reference USPS-RM2020-10/1, folder "Public.Fldr.1.Prop.3.IOCS.Clstr," folder "Public," folder "Workbooks," Excel files "CS06&7-Public-FY20Q2YTDCluster20.xlsx" and "I_FORMS-Public-FY20Q2YTDCluster20.xlsm."

¹⁰ The non-public workbooks contain competitive products detail.

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9. Please discuss the reason(s) why the IOCS-Non-Cluster methodology estimates city carrier street time costs to be about \$158.4 million higher than the IOCS-Cluster for the same time period.¹¹ Please include in the response whether the Postal Service believes that under the current methodology (IOCS-Non-Cluster), city carrier street time cost is overestimated.

RESPONSE:

The Postal Service believes the current IOCS Non-Cluster estimate for city-carrier street costs is slightly overestimated. In some cases, telephone respondents inaccurately believe carriers are on the street, when they are in fact still in the parking lot or in an area of the facility that is not easily visible to the respondent.

¹¹ See Petition, Proposal Three at 11. Table 4 (in thousands) shows the IOCS-Non-Cluster estimated street time cost to be \$6,227,339 and the IOCS-Cluster estimated street time cost to be \$6,068,976. *Id.*

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- 10.** Please provide the current number of city carrier routes for each route type listed in the IOCS data dictionary.¹²

RESPONSE:

As of FY20 Pay Period 16, there were 161,445 regular letter routes in the Address Management System (AMS).

A breakout of the route type is:

Route Type	Frequency	Cumulative Frequency
71	242	242
73	2117	2359
75	6151	8510
77	36062	44572
78	90362	134934
80	363	135297
82	20075	155372
83	6073	161445

The number of Special Purpose and Other Route Types (route types 86, 87, 98 and 99) is not available.

¹² See Docket No. ACR2019, Library Reference USPS-FY19-37, December 27, 2019, Excel file "IOCSDataDictionaryFY19.xlsx," tab "Mainframe Layout," rows 1699-1711.